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RUEHCN/AMCONSUL CHENGDU 2677
RUEHGZ/AMCONSUL GUANGZHOU 1246
RUEHHK/AMCONSUL HONG KONG 9514
RUEHGH/AMCONSUL SHANGHAI 2061
RUEHSH/AMCONSUL SHENYANG 6644
RUEAIIA/CIA WASHDC
RHEFDIA/DIA WASHINGTON DC
RHHJJAA/JICPAC HONOLULU HI
RUEKJCS/SECDEF WASHINGTON DC
RHHMUNA/USPACOM HONOLULU HI

C O N F I D E N T I A L SECTION 01 OF 02 TAIPEI 000671

SIPDIS

E.O. 12958: DECL: 5/14/2023

TAGS: [PGOV](#) [PREL](#) [PINR](#) [ECON](#) [CH](#) [TW](#)

SUBJECT: MAC CHAIRPERSON-DESIGNATE LAI SHIN-YUAN ON FUTURE
CROSS-STRAIT RELATIONS

Classified By: AIT Director Stephen M. Young, Reason 1.4 (b/d)

¶1. (C) Summary: MAC Chairperson-designate Lai Shin-yuan told the Director on May 14 that improving cross-Straits relations will be a difficult task, emphasizing that progress will need to come "one step at a time" so as not to get ahead of expectations of what can be accomplished on both sides. Although Lai expects Beijing to be flexible in dealing with economic issues, sensitive political matters will require more imagination and tolerance than Beijing may now be ready to provide. Lai said President-elect Ma Ying-jeou's approach should be legally-based and driven by the NSC, which should take on its formerly robust role in formulating and overseeing cross-Straits policy. End Summary.

¶2. (C) Mainland Affairs Council (MAC) Chairperson-designate Lai Shin-yuan, a member of the pan-Green Taiwan Solidarity Union (TSU), met with the Director on May 14 to discuss cross-Straits relations after President-elect Ma Ying-jeou's inauguration on May 20. Lai said the road ahead for Taiwan will not be easy. She emphasized that improving relations will have to proceed one step at a time so as not to get ahead of what both sides expect and can accomplish or of what Taiwan society as a whole can accept. Lai noted that while Beijing should be flexible in dealing with economic issues, sensitive political matters, such as providing Taiwan with relaxed international breathing space, will require more imagination and tolerance than Beijing may now be ready to provide.

¶3. (C) Lai said the Ma administration will take a law and institution-based approach to handling cross-Straits relations, noting that Ma is a stickler for legalistic approaches. Empowered by the constitution with authority over cross-Straits relations, Ma will be the one in charge of deciding the direction and scope of cross-Straits advances. She expects the National Security Council (NSC), which has atrophied under President Chen, to take on its formerly robust role in formulating and overseeing cross-Straits policy and advising Ma. Lai said the July 4 deadline for starting cross-Straits weekend charter flights is an artificial creation by the media, pointing out that Ma himself has only said he would like to see the flights start sometime during that month.

¶4. (C) Lai said she was initially surprised by Ma's invitation to serve as the next MAC chairperson, but accepted

the appointment because Ma convinced her he is sincere in attempting to give other segments of Taiwan society concerned about rapid opening to China a voice in the policy making process. Lai said criticism of the appointment by deep Blue KMT legislators, though expected, was nevertheless exaggerated by the Taiwan media. Lai emphasized she has known and worked amicably in the past with both NSC Secretary General-designate Su Chi and SEF Chairman-designate P.K. Chiang.

¶5. (C) The Director underscored to Lai the importance of allowing both foreign persons and carriers to enjoy access to future direct cross-Strait flights. Perhaps it will take significant cajoling from Taipei to convince Beijing to accept arrangements that may weaken the characterization of the routes as "domestic." The Director also raised the U.S.'s continuing commitments to help Taiwan maintain a strong level of defense, noting that China has not renounced the use of force as an option in dealing with Taiwan. Lai agreed, saying that Taiwan will only be able to negotiate with China on an equal footing if it maintains a strong national defense.

Comment

¶6. (C) Lai, known for her outspokenness on many issues, was rather reserved in her remarks with the Director, particularly on the question of how well she will work with Ma's team and the KMT cross-Strait hands. Her caution is telling of her status as an outsider to a KMT establishment that has been pushing KMT-CCP party-to-party dialogue over

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the past three years. Overall, we got the impression she is pleased by the challenge this position offers, and expects to be able to win over her critics as she gets into the job.
YOUNG